

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 CIAE-00 PM-04 INR-07 L-03
ACDA-07 NSAE-00 PA-01 SS-15 PRS-01 SP-02 TRSE-00
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SECDEF WASHDC IMMEDIATE
CSAF WASHDC IMMEDIATE
OSAF WASHDC/SAFIL IMMEDIATE
ASD WRIGHT-PATTERSON AFB OH
AFSC ANDREWS AFB MD

C O N F I D E N T I A L COPENHAGEN 2408

EO 11652: GDS
TAGS: MIL, POL, DA
SUBJ: F-16 - DANES BALK AT SIGNING LOA

1. ON APRIL 25, DANISH DEFENSE MINISTER ORLA MOLLER ASKED ME TO CALL ON HIM LATE SAME DAY. DURING 1-1/2 HOUR MEETING, DEFENSE MINISTER, WHO WAS ASSISTED BY HIS FOUR LEADING F-16 EXPERTS, SAID THAT DANISH FINANCE COMMITTEE OF THE FOLKETING WOULD PROBABLY NOT REPEAT NOT APPROVE INCREASED EXPENDITURES FOR F-16 AS LONG AS UNCERTAINTY PREVAILED IN US ON CONGRESS FUNDING THE FULL-SCALE DEVELOPMENT OF THE F-16 PROGRAM AND AUTHORIZE FUNDS FOR THIS FISCAL YEAR AS REQUESTED BY THE EXECUTIVE BRANCH.

2. MOLLER SAID THAT AT THE F-16 STEERING COMMITTEE MEETING IN BRUSSELS LAST WEEK, DANISH REPRESENTATIVE
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HAD CALLED ATTENTION TO THE DIFFICULTIES WHICH MAY ARISE IN DENMARK BY THE ACTION OF THE HOUSE OF REPRESENTATIVES RECOMMENDING A REDUCTION IN F-16 APPROPRIATIONS. MOLLER CLAIMED THAT AMERICAN OFFICIAL AT F-16 MEETING IN BRUSSELS HAD INDICATED THAT IF THE HOUSE OF REPRESENTATIVES REDUCES APPROPRIATIONS FOR THE F-16, IT COULD LEAD TO AN EXTENSION IN THE PRODUCTION SCHEDULE OF THE PLANE. IF THIS

WERE TO HAPPEN, IT WAS CLAIMED THAT THIS DELAY COULD MEAN ADDITIONAL COST OF \$1 MILLION DOLLARS FOR EACH AIRCRAFT. DEFENSE MINISTER CONTINUED THAT APPARENTLY AMERICAN SENATE HAD DISAGREED WITH THE HOUSE RECOMMENDATION AND WANTS TO MAINTAIN FUNDING LEVEL AS REQUESTED BY EXECUTIVE BRANCH.

3. MOLLER SAID THAT FINANCE COMMITTEE IN DANISH FOLKETING WOULD AUTHORIZE THE ADDITIONAL 250 MILLION KRONER FOR THE DANISH PURCHASE WHICH WOULD PERMIT THE PURCHASE OF THE 58 AIRCRAFT AT 6.091 MILLION DOLLARS PER AIRCRAFT. NOW DANES ARE BEING ASKED TO SIGN THE LOA WHICH COMMITS THEM TO THE PROGRAM WHILE AT THE SAME TIME THERE IS SOME UNCERTAINTY WHETHER THE AMERICAN PARTNER WILL HAVE THE FUNDS TO CARRY ON THE PROGRAM ACCORDING TO THE TIMING ORIGINALLY INDICATED BY THE EXECUTIVE BRANCH. THE DANISH LOA HAS BEEN PRICED UNDER THE ASSUMPTION THAT NO SIGNIFICANT DELAYS IN THE FULL-SCALE DEVELOPMENT PROGRAM AND IN THE PRODUCTION PROGRAM WOULD OCCUR AS A RESULT OF US FISCAL ACTION. NOW THIS ASSUMPTION IS IN DOUBT BECAUSE OF THE ACTION BY THE US CONGRESS. THEREFORE, THE DANISH DEFENSE MINISTRY SAID THAT DANISH GOVERNMENT WILL PROBABLY ASK FOR POSTPONEMENT OF THE SIGNING OF THE LOA UNTIL THERE IS CERTAINTY OF THE USG FUNDING THE FULL-SCALE PROGRAM AND THE FIRST PART OF THE PRODUCTION FOR THIS FISCAL YEAR.

4. MOLLER SAID THAT TOMORROW, APRIL 26 FOLKETING WILL DISCUSS F-16 AND HE HOPES TO AVOID DISCUSSION OF CONFIDENTIAL

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THIS ASPECT OF THE PROGRAM, THEREBY GAINING OVERALL FOLKETING APPROVAL. HOWEVER, HE CANNOT AVOID DISCUSSING WITH THE FINANCE COMMITTEE THE DIFFERENCES BETWEEN THE TWO CHAMBERS IN THE US CONGRESS CONCERNING US FUNDING. DANISH FINANCE COMMITTEE WILL NOT APPROVE "AN OPEN-ENDED" COMMITMENT WHICH IT WOULD BE IF IT WERE TO COMMIT ITSELF WHILE THE US CONGRESS HAD NOT YET ACTED ON THE US SIDE OF THE PROGRAM.

5. MOLLER PLANS TO TELEPHONE HIS NORWEGIAN, DUTCH, AND BELGIAN COLLEAGUES TOMORROW, APRIL 26, IN ORDER TO INFORM THEM OF THE DANISH DIFFICULTY CAUSED BY THE UNCERTAINTY OF AMERICAN FUNDING FOR THE PROGRAM. IF THE OTHER THREE MINISTERS OF DEFENSE AGREE WITH HIM, HE WOULD THEN CALL FOR A MEETING OF THE DEFENSE MINISTERS OF THE FOUR EUROPEAN CO-PRODUCERS IN ORDER TO DELAY THE SIGNING OF THE LOA UNTIL JUNE 1. THIS WOULD GIVE THE NECESSARY TIME TO CLARIFY THE SITUATION IN THE US AND PERMIT DANES TO ACT WITH FULL KNOWLEDGE

OF WHAT AMERICAN GOVERNMENT IS DOING ON THE F-16
PROGRAM.

6. MOLLER ASKED ME TO INFORM AMERICAN AUTHORITIES OF
THE LATEST DEVELOPMENTS. HE ALSO PROMISED TO KEEP
ME INFORMED ON HIS DISCUSSIONS WITH THE OTHER THREE
DEFENSE MINISTERS. IN SHORT, WHAT DANES WANT TO
OBTAIN IS AN ASSURANCE THAT THE NOT-TO-EXCEED PRICE
WILL NOT BE SURPASSED. THE DISCUSSIONS IN THE AMERICAN
CONGRESS INDICATED TO THEM THAT THIS POSSIBILITY EXISTS
AND THEY DO NOT WISH TO BIND THEMSELVES BEFORE THEY
HAVE THE AMERICAN REASSURANCE ON THIS POINT.

7. COMMENT: WOULD APPRECIATE RECEIVING SPECIFIC
GUIDANCE WHICH MIGHT HELP ASSUAGE DANISH FINANCE COMMITTEE
CONCERNS.

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